

UNION PACIFIC RAILROAD COMPANY

PROPERTY DEPARTMENT

T. B. COLLINS,
MANAGER OF PROPERTIESD. J. CALLAHAN,
GENERAL TAX AND RIGHT OF WAY AGENTPITTOCK BLOCK
PORTLAND 5, OREGON

April 8, 1952.

Mr. G. J. Ackerman,
Executive Assistant,
Commission of Public Docks,
Portland, Oregon.

Dear Mr. Ackerman:

In connection with servicing of cars at Terminal No. 4 and in an endeavor to improve the utilization of cars and service, our Operating Department proposes to install a car-cleaning track at Terminal No. 4, together with water line and hydrants to serve it.

I am attaching a print illustrating the proposed layout from which you will note that a large part of the facilities will be located on property of the Dock Commission.

Will you please advise if the Dock Commission is agreeable to the construction of this facility as proposed and, if so, type of easement or agreement that would be required.

I shall appreciate your early consideration and advice.

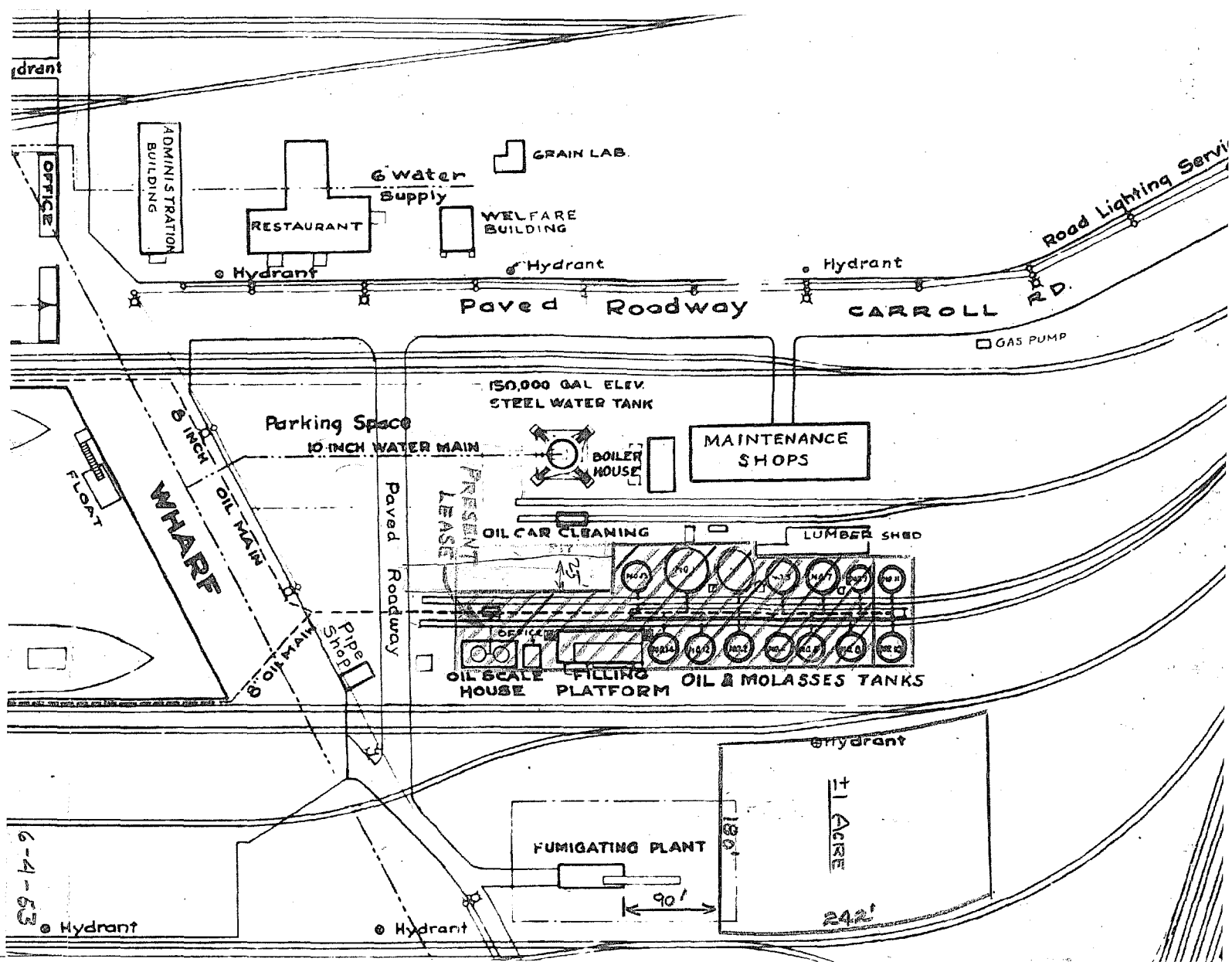
Very truly yours,

(Signed) D. J. Callahan

COPY

Redacted

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AGREEMENT

THIS AGREEMENT, made and entered into at Portland, Oregon, this 8th day of June, 1953, by and between the CITY OF PORTLAND, OREGON; acting by and through its THE COMMISSION OF PUBLIC DOCKS, hereinafter referred to as "Commission"; and the QUAKER STATE OIL REFINING CO. OF CALIFORNIA, a California corporation, hereinafter referred to as "Company";

WITNESSETH:

WHEREAS, the Company is desirous of constructing an oil packaging plant at or in the vicinity of Portland, Oregon in such location that cargo therefrom may be discharged, loaded or handled to and from ships and by other forms of transportation, and for the packaging and storage of cargo incidental to such transshipment; and

WHEREAS, the Commission has control over the dock properties of the City of Portland, Oregon, and is willing to lease certain land to the Company which would fulfill the above requirements of the Company, and the Company is desirous of leasing said land;

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, the parties hereto agree as follows:

The Commission does hereby demise, lease and let unto the Company, and the Company hereby accepts under lease, for the term hereinafter specified and upon the terms and conditions hereinafter set forth, that certain real property situated at the head of slip 3, Terminal No. 4, in the County of Multnomah, and State of Oregon, more fully described as shown in a map hereafter referred to as Exhibit "A", attached hereto and by this

reference made a part hereof, together with the right of reasonable ingress and egress over all roadways, railroadways, trackage, dock space, and the Commission's property contiguous to said demised premises.

TO HAVE AND TO HOLD said premises unto the Company for a term commencing on and including June 1, 1953, and continuing to and including May 31, 1983.

1. It is understood and agreed that the Company is entering into this agreement and will use said premises under the terms and conditions of this agreement for the purpose of constructing a plant thereon to cost approximately \$200,000.00 to process petroleum and petroleum products and to conduct an oil packaging business thereon; in addition to the construction of said plant, additional space is required on said property for storage of finished products and for the storage of liquid petroleum products in storage tanks, as well as such space as may be required for the installation of necessary offices.

It is contemplated that across the dock shipments of petroleum and petroleum products will be required by the Company as well as the construction and installation of one or more pipelines to convey liquid products from storage to shipside and from shipside to storage tanks.)

2. The Commission covenants and agrees to and with the Company that the lease covers the property more particularly described on the map heretofore referred to as Exhibit "A".

The Company covenants and agrees to and with the Commission that it will pay as rental for the said premises the following:

- (a) For the land area leased herein, the sum of Nine hundred dollars (\$900.00) per year, for the first five (5) years of this lease, payable in advance in

1000.00

monthly installments of Seventy-five dollars (\$75.00) per month, which sum represents Three hundred-Dollars (\$300.00) per year per acre, and which is hereby ascertained and agreed upon as being six (6) per cent on the valuation of said property of Five thousand dollars (\$5,000.00) per acre. For each five (5) year period thereafter, the amount of the rental charge shall amount to at least five (5) per cent per annum on the value of said property as the same may be fixed by appraisal between the parties to this leasing agreement, such appraisal to be agreed upon by the parties hereto, and in the event of their inability to agree, then the same shall be made by the person who may at that time be County Assessor for Multnomah County, Oregon, and in the event of such County Assessor refusing or neglecting to make such appraisement, either party shall have a right of action in court to have the amount of such valuation determined. The ground area on which the leasing or rental charge will be made shall embrace all of the property above described. In no event, however, shall the rental be less than the \$900.00 minimum figure hereinabove agreed upon.

(b) In addition to the foregoing, and as part of the consideration of this lease, the Company further agrees to pay to the Commission any and all wharfage and dockage charges assessed against any vessel or vessels using the slip therein for the purpose of receiving or discharging cargo to or from the oil packaging plant, as well as any and all other tariff charges as may be prescribed in the Commission's regular and published tariffs applicable to such cargo and the movement thereof. The Commission

agrees, however, that said charges shall not be in excess of other like charges assessed by other ports on the Columbia River.

3. The Company shall, at its own expense, construct the oil packaging plant hereinabove referred to, with reasonable dispatch and may, from time to time, construct such storage tanks and other facilities on said demised premises as it may deem necessary and proper. The Company may also, from time to time, at its own expense, make or construct such other additions to or improvements in and about the leased premises and its appurtenances, whether structural or otherwise, and install such additional machinery, equipment and facilities therein as it may consider proper and advisable in and about the use and operation of said oil packaging plant and other property. It is understood and agreed that any structural improvements and additions and any equipment and appurtenances added to the leased premises, or any part thereof, which shall be and become a part of the realty, shall become the property of the Commission and shall not be removed at the termination of this lease. Any tanks, machinery and equipment which may hereafter be placed or installed by the Company in or about the leased premises and which can be removed without damage to the premises or its appurtenances, shall remain the property of the Company and may be removed by the Company at the termination of this lease.

4. The parties hereto recognize that the completed oil packaging plant and appurtenances covered by this lease will be an invaluable asset to the City of Portland and to commerce and industry in this area, and also that space for erection of industrial plants is at a premium in the Port of Portland and surrounding vicinity. It is further the understanding of the parties that it is the present intention of the Company to construct said oil packaging plant and appurtenances in a substantial manner, and that the estimated capital expenditure will be

approximately \$200,000.00. In this connection, the Company covenants that it will construct said plant and appurtenances with all reasonable dispatch and that the completed plant and appurtenances will be comparable to a like plant and appurtenances costing approximately \$200,000.00, provided, however, that this provision is not intended to deprive the Company of any savings in construction costs and otherwise that it may effect so long as the plant and appurtenances are constructed by it substantially as above.

Said plant and appurtenances will be used to the fullest extent possible, keeping said plant and appurtenances in full operation for the full term of this lease insofar as same is reasonably practicable, and in any event, the Company covenants that it will process and handle at least a minimum of two thousand (2,000) tons of petroleum and petroleum products each year during the term of this lease.

The Commission reserves the option, anything contained herein to the contrary notwithstanding, to cancel this lease upon thirty (30) days' written notice to the Company, should the Company fail in good faith to abide by the general expressions of policy and intent set forth above.

5. In the conduct of its business, the Company shall conform to all the laws of the United States, the State of Oregon and the ordinances and regulations of the City of Portland relative to such business.

6. The Company agrees that no signs will be placed on the buildings, facilities or property provided for herein without the same being subject to the prior written approval of the Commission.

7. The Company covenants and agrees that the Commission may, at all reasonable times, through its agents or servants, go upon the premises and facilities demised herein for the purpose of inspecting same, provided, however, that

such inspection shall be arranged so as to interfere as little as possible with the business of the Company.

8. In the event the demised premises shall be seized, confiscated or the evacuation thereof required by any civil or military authority of the United States, or if such property shall be seized by any foreign power, or if the same shall be taken under the power of eminent domain, this lease and all future rights and obligations thereunder shall immediately terminate. If in such case, the Company shall have paid any rental for any period beyond the date of termination, the Commission agrees to promptly repay to the Company the amount of any such prepaid rental. It is further agreed, however, that upon the return of the property to the Commission in usable condition, the Company shall have the right at its option to reinstate the lease for a period of time equal to the unexpired term of the lease at the time the leased property was seized, confiscated, evacuated or taken by right of eminent domain, subject to the terms and conditions as to rental or otherwise herein contained for such balance of the term; provided that in the event of such evacuation and the return of the property to the Commission in usable condition within one (1) year after the date of such evacuation this lease shall, immediately upon the said return of the property, be reinstated as above provided.

It is further understood and agreed that any sums received from any confiscation award or condemnation award shall be paid to the Commission and to the Company in proportion to the division of award as between the owner and lessee, or if there be no such award, then by mutual agreement of the parties.

9. The Company agrees, as a part of the consideration of this lease, that it will bear all maintenance and repair costs on all buildings, sheds, runways, roadways, spur tracks, ramps and other structures constructed by the Company and will

maintain same in good operating condition and state of repair.

10. The Company agrees, from and after the occupancy by the Company under this lease, to indemnify and save harmless the Commission against any and all loss and/or damage whatsoever arising out of the operation of the oil packaging plant and connected with or related to the use and operation of the demised premises, whether by appropriate insurance or otherwise. It is recognized and agreed that the Commission has an interest in the preservation and continued existence of any substantial structures erected by the Company under the terms of this lease which become part of the realty and which become the property of the Commission upon the expiration or other termination of the lease, and the Company covenants and agrees that it will fully insure all structures, facilities and equipment constructed or placed on said premises during the term of this lease by procuring fire and extended coverage insurance on the same. In the event that the oil packaging plant, its appurtenances, or any portion thereof, should be at any time damaged or destroyed by fire, explosion, tornado, or any other casualty, the Company shall, to the extent of the insurance proceeds available, with due diligence and with reasonable dispatch rebuild said plant, appurtenances or portion thereof so damaged or destroyed. In the event that the insurance proceeds are not sufficient to enable the Company to rebuild and reconstruct said plant, appurtenances and facilities in a satisfactory manner, or in the event that governmental restrictions render the rebuilding or reconstruction impracticable or impossible, the obligation of the Company to rebuild and reconstruct shall be rendered nugatory and the lease shall forthwith be deemed canceled, and the Company shall clean up the premises and return them to the Commission in the same condition as received.

11. The Company agrees promptly to pay when due all taxes that may hereafter be levied against the leased premises by virtue of its occupancy during the term of this lease or any extensions or renewals thereof.

12. The Company shall have the right to use in common with the Commission and with other lessees the Commission's main lead railroad tracks at said Municipal Terminal No. 4 to provide railroad service to the demised premises and the existing roadways serving said Terminal No. 4, including the right to park automobiles and other motor vehicles at or adjacent to said terminal if space is available. In parking said vehicles, the Company shall not block or obstruct any of said roadways or any means of ingress or egress to different portions of the said terminal so as to prevent the common use of said roadways, or proper access to the different portions of the said terminal.

13. The Company agrees to at all times keep any structures erected on said premises neat, clean and in a sanitary condition, and will promptly replace any glass or windows that may become cracked or broken, and, except for reasonable wear and tear, will at all times preserve said structures in good condition.

14. The Company shall have the prior right to one berth at the inner or Eastern end of Slip No. 3 South Side for the purpose of discharging petroleum products from the demised premises and for receiving petroleum products from shipside. The Commission reserves the right, however, for itself and its other lessees to reasonably use said berth in common with the Company in conducting and carrying on its or their own business, provided, however, that such reserved right to use the berthage in common shall not unreasonably interfere with the conduct of the Company's own business.

The Commission reserves the option of furnishing alternative berth space in locations other than at the inner or Eastern end of Slip No. 3, South Side, such as emplacement of berthing dolphins or other suitable arrangements at the inner or Eastern end of Slip No. 3, North Side, provided reimbursement is made to the Company for any extra labor costs and other expenses to the Company arising out of the exercise by the Commission of such option, including but not limited to, the cost of relocation of the Company's proposed pipe lines.

It is recognized by the parties hereto that it is the intention of the Commission, without obligating itself therefor, to continue the use and operation of Pier No. 5, Slip No. 3, for the duration of this lease, and the above option is expressly reserved in the event the Commission finds it necessary, for reasons beyond its control or present knowledge, to discontinue the use of Pier No. 5 at any time during the term of this lease.

15. It is understood by the parties hereto that if the presence of petroleum and other petroleum products at or upon the demised premises results in an increase in the insurance rates paid by the Commission on its other properties located at or adjacent to the demised premises, then the Company covenants that as part of the consideration of the lease, it will promptly reimburse the Commission for any increase in the premium rates on insurance procured by the Commission during the term of the lease on its other properties and referable to the presence of petroleum or petroleum products upon the demised premises.

16. Any disagreement or dispute arising under this lease or by reason of the failure of the parties to mutually agree where such is the obligation of the parties, which cannot be readily settled by the parties, shall be determined by

arbitration. Upon the written request of either party to have any matter in dispute settled by arbitration, each party shall immediately select an arbitrator and such arbitrators so selected shall forthwith select and appoint a third arbitrator, and the decision of such arbitrators shall be binding upon the parties.

17. The Company agrees to promptly pay for all utility services used by it and all cost and expense of installation of any necessary mains, lines and other conveyances in connection therewith.

18. This lease may be assigned or sublet to a responsible party by the Company. The Company, however, shall continue to be responsible for all of the covenants and obligations set forth in this lease.

19. In the event that the tenancy of the Company has been satisfactory to the Commission at the expiration of this lease, and the Commission desires to continue to rent said plant, it will give Company a preference right to negotiate to renew said lease.

20. It is further expressly understood and agreed by and between the parties hereto as follows:

(a) No waiver by said Commission of any breach of any covenant or provision of this agreement shall be construed to be a waiver of any other breach of the same, or of any other covenant or provision.

(b) Time and the punctual and exact performance and observance by the respective parties to this agreement of their several covenants and agreements herein contained are of the essence of this agreement.

(c) The various rights and powers and remedies of the Commission contained in this agreement shall be cumulative, and no one of them shall be exclusive of

any other, or of any right or power or remedy allowed by law.

(d) For the purpose of notice, the Commission's address shall be 3070 N. W. Front Avenue, Portland, Oregon, and the Company's address shall be 654 East 60th Street, Los Angeles 1, California; provided, however, that if either party desires that notices shall be addressed other than as herein specified, it shall by like notice to the other party, advise as to the address to which any future notices shall be sent.

(e) In the event of an assignment by the Company for the benefit of its creditors or by operation of law, or if the Company's interest under this lease shall be levied upon under execution or seized by virtue of any writ of any court (unless the Company shall within ten (10) days secure the release of such levy or seizure) or if the Company is adjudicated a bankrupt, or if a Trustee in Bankruptcy or a receiver is appointed for the Company by any court, other than in a proceeding for reorganization, then and in any of such cases the Commission may, at its option, immediately and without notice to the Company or to any assignee, transferee, receiver, trustee or any other person or persons, forthwith terminate this agreement and immediately take possession of said facilities, using such force as may be necessary without being deemed guilty in any manner of trespass. The Company expressly waives any notice of intention to so terminate this agreement, but upon the occurrence of any of the events in this paragraph mentioned, waives service of any and every notice or demand prescribed by any

law of the State of Oregon, and agrees that the occurrence of any of the events in this paragraph mentioned shall of itself constitute a breach by the Company of the agreement.

(f) If any payments due under this agreement, or any part thereof, shall be and remain unpaid when the same shall become due, or if the Company shall violate or default in any of the covenants and agreements herein contained and if such default (other than the payment of rental) shall continue for a period of thirty (30) days after notice from the Commission, then the Commission may cancel this agreement and re-enter said premises and take over said facility, but notwithstanding such re-entry by the Commission, the liability of the Company for payments provided for herein shall not be extinguished for the balance of the term of this agreement, and the Company covenants and agrees to make good to the Commission any deficiency that may arise from a re-entry and renegotiation of a like agreement with other party or parties at a lesser schedule of payments than herein agreed to, or from its inability to secure any satisfactory party or parties with whom to execute such like agreements. The Company shall pay such deficiency each month as the amount thereof is ascertained by the Commission.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first hereinabove written, the Commission executing pursuant to proper authority

of the Commissioners of The Commission of Public Docks and the
Company executing pursuant to proper corporate authority.

CITY OF PORTLAND, OREGON,
acting by and through its
THE COMMISSION OF PUBLIC DOCKS.

By *B. B. [Signature]*
Chairman

And *Thomas J. [Signature]*
Secretary

COMMISSION.

QUAKER STATE OIL REFINING CO.
OF CALIFORNIA

By *[Signature]*
Its President

And *J. H. [Signature]*
Its Treasurer

COMPANY.

POPGR 000006316

ing Yards

18' ROADWAY

12 INCH WATER MAIN

± 3 ACRES

AREA FOR
OPEN STORAGE

Exp. Joint
Conc. Sump

LUMBER
STORAGE SHED

OREGON SULPHUR CO.

10 INCH OIL MAIN

CAR UNLOADER

TRACK
HOPPER

No 4
RUCTION

3

5

C. H. West, Jr.

Lease Agreement
with

Quaker State Oil Refining
Co. of California

Dated 4/8/53

Effective 6/1/53

Expires 5/31/83 (twenty)

Covers 3 acres land of
Mun. Ter. #4